

TOWN OF PIMA, ARIZONA

Annual Expenditure Limitation Report
And Independent Accountants' Report
June 30, 2020

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INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
of the Town of Pima, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Pima, Arizona for the year ended June 30, 2020, and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

Colby + Powell

April 13, 2021

TOWN OF PIMA, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2020

| | |
|--|----------------------------|
| 1. Economic Estimates Commission expenditure limitation | \$ 6,569,483 |
| 2. Amount subject to the expenditure limitation (total amount from Part II, Line C) | <u>2,076,595</u> |
| 3. Amount under the expenditure limitation | <u><u>\$ 4,492,888</u></u> |

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: _____

Telephone Number: _____ Date: _____

See accompanying notes to report.

TOWN OF PIMA, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2020

| Description | Governmental Funds | Enterprise Funds | Total |
|--|-----------------------|---------------------|--------------|
| A. Amounts reported on the reconciliation, line D | \$ 2,416,750 | \$ 159,348 | \$ 2,576,098 |
| B. Less exclusions claimed: | | | |
| 1. Debt service requirements | 127,393 | 2,175 | 129,568 |
| 2. Dividends, interest, and gains on the sale or redemption of investment securities | 3,550 | - | 3,550 |
| 3. Grants and aid from the federal government | 164,884 | - | 164,884 |
| 4. Highway user revenue in excess of those received in fiscal year 1979-80 | 201,501 | - | 201,501 |
| Total exclusions claimed | 497,328 | 2,175 | 499,503 |
| C. Amounts subject to the expenditure limitation | \$ 1,919,422 | \$ 157,173 | \$ 2,076,595 |

See accompanying notes to report.

TOWN OF PIMA, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2020

| Description | Governmental Funds | Enterprise Funds | Total |
|---|-----------------------|---------------------|--------------|
| A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements | \$ 2,630,430 | \$ 185,349 | \$ 2,815,779 |
| B. Subtractions | | | |
| 1. Items not requiring use of current financial resources: | | | |
| a. Depreciation | - | 24,299 | 24,299 |
| b. Pension and other postemployment benefits (OPEB) expense | - | 9,750 | 9,750 |
| 2. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at the agreements' inception | 213,680 | - | 213,680 |
| Total Subtractions | 213,680 | 34,049 | 247,729 |
| C. Additions: | | | |
| 1. Principal payments on long-term debt | - | 1,322 | 1,322 |
| 2. Pension and OPEB contributions paid in the current year | - | 6,726 | 6,726 |
| Total additions | - | 8,048 | 8,048 |
| D. Amounts reported on Part II, Line A | \$ 2,416,750 | \$ 159,348 | \$ 2,576,098 |

See accompanying notes to report.

TOWN OF PIMA, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual expenditure limitation report (AELR) is presented as prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; and statement of cash flows for the proprietary funds.

NOTE 2 – EXCLUSION FOR DEBT SERVICE REQUIREMENTS

The exclusion claimed for debt service requirements consists of principal retirement and interest expenditures for the following:

| | Governmental Funds | Enterprise Funds | Total |
|-------------------------|-----------------------|---------------------|-------------------|
| Note payable principal | \$ 62,345 | \$ - | \$ 62,345 |
| Note payable interest | 12,655 | - | 12,655 |
| Capital lease principal | 44,929 | 1,322 | 46,251 |
| Capital lease interest | 7,464 | 853 | 8,317 |
| | <u>\$ 127,393</u> | <u>\$ 2,175</u> | <u>\$ 129,568</u> |

NOTE 3 – DIVIDENDS, INTEREST AND GAINS ON THE SALE OR REDEMPTION OF INVESTMENT SECURITIES

The exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities is as follows:

| Description | Prior Year Carried Forward | Revenues | Amount Excluded | Amount Carried Forward |
|--------------|----------------------------------|-----------------|--------------------|------------------------------|
| General Fund | <u>\$ -</u> | <u>\$ 3,550</u> | <u>\$ 3,550</u> | <u>\$ -</u> |

TOWN OF PIMA, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2020

NOTE 4 – EXCLUDED INTERGOVERNMENTAL REVENUE

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid and highway user revenues in the Governmental Funds:

| | |
|--|---------------------|
| Grants and aid from the federal government | \$ 164,884 |
| Highway user revenues in excess of those received in fiscal year 1979-80 | 201,501 |
| Other revenues (nonexcludable) | <u>1,197,965</u> |
| Total intergovernmental revenues as reported in the fund financial statements | <u>\$ 1,564,350</u> |

NOTE 5 – POST-EMPLOYMENT BENEFITS EXPENSE AND CONTRIBUTIONS

The \$9,750 subtraction for pension and other postemployment benefit (OPEB) expense consists of changes in the net pension and OPEB liabilities, changes in deferred outflows related to pensions and OPEB, and changes in deferred inflows related to pensions and OPEB, recognized in the current year in the enterprise funds. The \$6,726 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise funds.

NOTE 6 – HIGHWAY USER REVENUE EXCLUSION AND CARRYFORWARD

| | |
|---|-------------------|
| Highway user revenues received in the current fiscal year | \$ 421,125 |
| Highway user revenues received in the current fiscal year equal to fiscal year 1979-80 revenues received | <u>(36,185)</u> |
| Revenues available for exclusion in the current fiscal year | <u>\$ 384,940</u> |
| Actual expenditures of highway user revenues in the current fiscal year | \$ 239,861 |
| Less exclusion for debt service | (2,175) |
| Amount equal to 1979-80 revenues expended in the current fiscal year | <u>(36,185)</u> |
| Excludable revenues expended in the current fiscal year | <u>\$ 201,501</u> |
| Revenues available for exclusion in the current fiscal year | \$ 384,940 |
| Revenues expended and claimed as an exclusion in the current fiscal year | <u>(201,501)</u> |
| Unspent excludable revenue available for carryforward in future years | <u>\$ 183,439</u> |